

**FORT LAUDERDALE COMMUNITY REDEVELOPMENT AGENCY (CRA)
8TH FLOOR CONFERENCE ROOM
CITY HALL**

TUESDAY, NOVEMBER 18, 2003

Chairman Naugle called the meeting to order at approximately 3:55 p.m. Roll was called and a quorum was present.

Present: Chairman Naugle
Commissioner Teel
Commissioner Trantalis
Commissioner Hutchinson
Commissioner Moore

Absent: None

Also Present: Acting City Manager
City Attorney
City Clerk

Appointments of Selection Committee – 1025-1033 Sistrunk Boulevard (N. W. 6 Street) Request for Proposals (RFP)

Motion made by Commissioner Hutchinson and seconded by Commissioner Teel to approve the appointment of the Selection Committee. Roll call showed: YEAS: Commissioners Hutchinson, Teel, Trantalis, Moore and Chairman Naugle. NAYS: None.

Acceptance of Instrument of Conveyance – Redevelopment of 1025-1033 Sistrunk Boulevard (N. W. 6 Street)

Motion made by Commissioner Hutchinson and seconded by Commissioner Teel to authorize the acceptance of an instrument of conveyance from the City for property located at 1025-1033 Sistrunk Boulevard, subject to the City authorizing the conveyance and execution and delivery of the deed. Roll call showed: YEAS: Commissioners Hutchinson, Teel, Trantalis, Moore and Chairman Naugle. NAYS: None.

Purchase Agreement – Leroy H. Haygood – Acquisition of 2130-2140 Sistrunk Boulevard (N.W. 6 Street) and 540-542 N.W. 21 Terrace

Motion made by Commissioner Hutchinson and seconded by Commissioner Moore to authorize the proper CRA officials to execute a purchase agreement with Leroy H. Haygood for the acquisition of 2130-2140 Sistrunk Boulevard (N.W. 6 Street) and 540-542 N.W. 21 Terrace. Roll call showed: YEAS: Commissioners Hutchinson, Teel, Trantalis, Moore and Chairman Naugle. NAYS: None.

Purchase Agreement – Leroy H. Haygood – Acquisition of 2130-2140 Sistrunk Boulevard (N.W. 6 Street) and 540-542 N.W. 21 Terrace

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Extension of Phase I of the Real Estate Development Accelerator

Chairman Naugle stated that when they had discussed this previously, it was recommended that this be extended for another 2 years, and future subsidies would be taken into consideration. He added that in the City there was a low percentage of home ownership, and there was a consensus of the Commission to prefer ownership projects so they could benefit from the accelerator in the future. He stated they might want to consider a geographic preference, and tie it to 20% for affordable housing. He further stated that he would prefer putting in some parameters or guidance for such matters.

Commissioner Moore stated that he did not want to offer the development community the opportunity to develop in the dark. He felt a better definition needed to be provided regarding “affordable housing.” He explained that to some people it meant Section 8 tenants, and to others it meant work force housing, affordable housing, or having a \$500,000 piece of property. He stated that he wanted to offer that parameter before such conditions were placed on it. He further stated that the concept he wanted was the preference for ownership as their goal, and also an affordable concept supplied, along with rental units that would be available. Mayor Naugle confirmed. Commissioner Moore reiterated that he wanted a more detailed definition to be supplied.

Chairman Naugle further stated there were a lot of projects on the east side, and fewer projects west. He asked if possibly they should offer a preference or should it be uniform throughout.

Commissioner Moore replied that he believed in the fair market. He stated the reason they did the boundaries in the manner they did was because they felt there would be the private sector investment that would go east, but would still supply the increment for them to deal with the enticement for developers to go where they normally might not be as eager to go. He stated he would prefer not to use such a condition until he saw the matter going both ways. He felt if there was an affordable ordinance, then they would be giving the developer options.

Commissioner Trantalis stated that if they allowed the market to dictate would it not eventually pull all the affordable housing to one area. Commissioner Moore stated that was the picture they needed to paint. He explained that affordability was not low income, but was what most people had to purchase. He did not think that anyone in the northwest quadrant would be upset, due to the income levels and costs for a housing development in today's market place, to have that type of development in their neighborhood.

Commissioner Trantalis further stated that if the market place determined the location of affordable housing, and if the land was expensive in one area, then it would not be

economically viable to build cheaper housing. Commissioner Moore stated he felt it might add another layer of concern to the developer and be another condition.

Chairman Naugle stated if deals were not being done on the west and only on the east, would it not make sense to make the accelerator available on the west and capture the increment on the east.

Commissioner Moore reiterated that he wanted to give them a level playing field, supply guidelines of what affordability included, and supply incentives. He wanted all information to be supplied in a fair manner.

Chairman Naugle reiterated that they wanted a policy with preference on ownership, affordability, and development for the west side. He explained that would not rule out anyone on the east side to have a rental project. Commissioner Moore reiterated that possibly more incentives could be supplied for the western portion.

Commissioner Trantalis reiterated that they needed to supply the definition for affordability. Commissioner Moore stated they needed to offer the multiple definitions that were available. He added that he had received some information as to how the Nation and State was dealing with affordability and its ranges, but he had not yet reviewed it.

Chairman Naugle stated that he knew the percentage of homeownership within the City limits, and wanted to know the percentage within the CRA.

Commissioner Trantalis stated that with JPI they had basically subsidized the building program in order to incentivize people moving into Flagler Heights where no one else was building.

Commissioner Moore further stated that they had defined that greater incentives were to be supplied for first-takers, but as time went on such incentives would diminish. He felt that was a method to drive individuals to the western portion. Chairman Naugle asked if they should consider extending this for one year instead of two years, and then it could be revisited. Commissioner Hutchinson agreed, but stated it should include the changes which they had discussed. Chairman Naugle agreed.

Kim Jackson, Director CRA, stated that they needed to define preference. She stated that the REDA Program as it existed today was not pulling from a source of funds which had to be divided up. She explained that each project would generate its own source of funds for the program. She asked for clarification on whether preference pertained to not just the quantity of a project in east versus west, but was that the amount of incentives would be greater in the west than the east. She further stated that one of the discussions held by the Advisory Board was what had transpired in Flagler Heights during the last several years and why they needed to continue the incentive longer. She stated there had been some bumps in the road they had not anticipated, such as the limitation of units, the economy, and that this was not the best time to pull back. She stated it was her understanding that she was to return with a program that gives preference to the west, but does not necessarily reduce the amount in the east.

Commissioner Hutchinson asked if they would all come before them. Ms. Jackson confirmed and stated they were all large projects, but there were fewer of them. She

stated the chance of a large scale multi-family development in the west would be less because it was the sentiment of the residents to have single-family homes. She added that in regard to affordability, there were some legal questions as to what could be done. It was her understanding that she was to return with a policy within the CRA boundaries, and advised they did not want to push away development from the district. She asked if they wanted to discuss how such a policy would affect the area outside the CRA.

Chairman Naugle stated that the developers would not have the ability to get the benefit of tax rebates.

Commissioner Moore stated that the acquisitions had taken place on the west, and there were a number of individuals interested. He stated that it was important that such development take place. He felt the boundary should not stop at Andrews Avenue, but he did not want things to be like they were in Monroe County where the individuals were buying land, but no work force was available that could afford to live in the County. He stated they wanted a populace that could live, work and play, and everything could not be at a price range that kept out the work force which serviced the community. He stated the salaries for such individuals were constantly reduced and most of them lived outside the area.

Chairman Naugle stated that to help development on the western portion of the CRA, the accelerator was available for projects of \$5 Million or over, but what if they stated it could be available for \$2.5 Million instead.

Ms. Jackson stated that there were 3 programs available, and one of them was available for the western portion only that was between \$500,000 to \$5 Million which had similar parameters.

Commissioner Moore reiterated that of the affordable units, he wanted input from the development and legal communities, along with possible recipients of such units because he felt it was important to have an open discussion regarding the ordinance so all concerns could be addressed.

Ms. Jackson further stated that she would meet with the concerned individuals and attempt to come up with a plan between now and February.

Commissioner Moore stated further that he felt the two-year period should be expanded. He reiterated that he was looking for partnerships. Chairman Naugle stated the deadline was good for individuals who had problems making decisions.

Commissioner Trantalis stated they should keep it for the two-year period, and since they were attempting to make changes for the district, then possibly leave it to the discretion of the Advisory Board and the CRA Director to return with appropriate projects they felt would implement the ultimate mission of the CRA, based on the progress that had been seen in Flagler Heights versus the northwest area.

Commissioner Moore stated they did have the opportunity for investment in the northwest for multi-units to be developed due to what had been done with the CRA. He added that property values had increased tremendously.

Motion made by Commissioner Moore and seconded by Commissioner Hutchinson to approve the extension of Phase I of the Real Estate Development Accelerator as discussed.

Stan Brown, Chair of CRA Advisory Board, proceeded to introduce various members of the Board, such as Jim Brady, Mr. Cohen, Albert Fells, Brice Lambert, and Ella Phillips. He further stated that they had looked forward to the day when they could be $\frac{3}{4}$ of the way through the landscape improvements for Sistrunk Boulevard. He stated the real signal and the market conditions were waiting for was the process of getting this area underway. He stated that they were hoping for the balancing of the process to begin happening.

Chairman Naugle stated that was their concern also was so there would be money available for the infrastructure.

Commissioner Moore stated he wanted to compliment the Commission for closing the trash transfer station.

Roll call showed: YEAS: Commissioners Hutchinson, Teel, Trantalis, Moore, and Chairman Naugle. NAYS: None.

Issuance of 2003 Northwest-Progresso-Flagler Heights (NPF) CRA Bonds, Series A (\$13,500,000) and Series B (\$5,500,500)

Commissioner Moore introduced the resolution regarding the CRA bonds.

Kim Jackson, CRA Director, stated that she had spoken most of the CRA Board regarding the path this matter was taking, and during the course of the sale of the bonds they had tried to limit any impact on other funds. Since the CRA was young this was their first bond issue, and a secondary pledge was looked for from the parking revenue fund. Originally, they had tried to negotiate a limited pledge in that once the CRA met the \$1.5 Million debt service coverage, the parking fund pledge would be released. Within the last day, the insurers had come back asking for a stronger pledge for a longer period of time, and she felt that warranted some further discussion. She reiterated that they were moving forward as if the bonds had already been sold.

Terry Sharp, Finance Director, stated that they had adopted a 5-year strategic plan for the CRA a few years ago, and part of the funding of that plan was the issuance of CRA bonds. Typically, they did not hold up the current projects and had a reimbursement resolution adopted at the time when they needed the cash.

Mr. Sharp stated that another wrinkle in regard to this issue was that some of the projects were more private than public improvements which required them to get approval and a share of estate pool of private use bonds which were subject to the alternative minimum tax. He stated this issue was in two parts. The one part was \$13.5 Million public improvements with up to \$5.5 Million for private projects. Clearly, the issue had to be insured. By buying insurance, they would be guaranteed a AAA rating, but that meant the rating agencies might put them through a review and require certain things as part of the structure, and it would now be the insurer. He explained the rating was based upon the insurance company. He stated they had found 4 insurers that were viable, but 3 were not interested in doing CRA issues and were very reluctant. The insurer that was

interested was looking for stronger history and pledge than just the CRA bonds. He stated in looking at the numbers for the CRA, they had no question that there was a TIF coming in that would cover the debt service and that was not the problem. But as Ms. Jackson had indicated that was not what investors and public bonds looked for because they wanted additional insurance. He added they needed a secondary pledge. He stated the General Fund was not available at this time, and the Parking Fund was the most related fund to the area because the projects done in the CRA would generate demand for parking and possibly a garage might be done in the CRA area at one point. Therefore, that would be the fund to use.

Mr. Sharp further stated that the insurer they had been working with was FSA, and initially they had looked at using parking as the secondary pledge. When they met the revenue coverage with TIF, there would be an automatic release, but the insurer wanted a stronger commitment from parking. Essentially, they had stated they wanted parking treated as if this was parking revenue bonds. There would be no automatic release, and there would be rate covenant of \$1.25 Million. He explained this meant that if the issue was sold as presently structured, the Commission would have to do the parking pledge which would have a significant impact on that fund to issue revenue bonds in the future. He stated there were different ways to borrow money for parking, but they were substantially eating into what they (the insurers) currently had in terms of parking revenue for debt and improvements. He explained they were asking, as the CRA, to approve the issuance of the bonds, but this evening they would be approving a significant parking fund. He added that the issue would be Item R-6 on tonight's agenda. He reiterated it would be 20 years of parking pledge, and would be more than \$4 Million but they had not yet identified the exact amount.

Chairman Naugle stated this was major, and he would be able to handle \$4 Million, but if it reached \$19 Million he would not be able to support it. He asked if they did not get the private insurance, what would be the increase in interest expense.

Boe Cole, Treasurer, stated that the increase in cost would be ½%, if the debt was sold.

Chairman Naugle reiterated that this was a major change at the 11th hour. Commissioner Trantalis asked if this was because they were trying to borrow too much.

Mr. Cole stated the biggest issue was the CRA bonds, and it was not the City. Commissioner Trantalis asked if the program had been based on a false assumption that the CRA debt was fundable. Mr. Cole replied that they anticipated not having to physically take any dollars from parking, but it was the coverage requirement. Commissioner Trantalis asked for them to push aside parking for the moment, and stated the CRA should exist independently on its own and that was how it had been conceived. He asked what false assumption was being made if the CRA bonds were not marketable. Mr. Cole stated the assumption made from the very beginning was that they had to have parking as a secondary backup. He explained that no one wanted to just do CRA, and were looking for a stronger pledge.

Chairman Naugle suggested that they calculate what amount would have to be paid in interest without private insurance, or put it out and see what happened.

Commissioner Moore stated it was his understanding that they were going to have to use a secondary source to pledge in order to do the bond deal. He felt it was never

going to be only the increment of the TIF. He stated that Moody's ratings had not been that positive during the last few weeks, and the strongest fund they had was parking. He further stated they felt it was going to be for a short period of time, and possibly a smaller amount of capital risk. He announced that had changed, and what they needed to do now was to prime the pump. He stated they had an asset they had no risk of losing, and asked if there was anything to prevent them from utilizing the asset today and do whatever was necessary to obtain the insurance so they could get the higher rating, and then in 3-5 years refinance it. He further asked if there had ever been any plans to have a major parking garage.

Mr. Cole stated there had been talk about having a parking garage in the CRA area.

Bud Bentley, Assistant City Manager, stated that at the Commission's last meeting when Palazzo had been turned down, there had been some discussion about the City constructing a garage at that location.

Chairman Naugle stated they might have to construct garages because of mass transit, and he did not want to tie the hands of future Commissions. He reiterated that he wanted to first know how much would have to be paid in interest if they did not have the AAA rating because they could always refinance 5 years later when the debt service was covered. He stated further it might not be a long term cost for 20 years.

Commissioner Moore stated he did not think this was being done at the 11th hour because in listening to Mr. Sharp's comments, this had been done because they had to see what the situation was when it was time to issue the bonds. He stated they now had the Enterprise Fund because past Commissions did the right thing to make it happen. He felt they needed to look at both sides.

Commissioner Trantalis asked if they would be in favor of paying the increased interest rate without using the parking fund. Chairman Naugle stated that he did not know what that amount was yet.

Commissioner Moore asked why staff had chosen this route.

Mayor Naugle stated he wanted to clarify that the City's credit rating was No. 1 among the top 10 cities. He announced they were on credit watch, but they did have the highest tax base in the State.

Commissioner Moore stated that information was all well and good, but he wanted to see it in writing.

Mr. Sharp stated that they did not believe that any actions taken by Moody regarding the General Fund had any impact on this issue.

Frank Hall, Fidelity Financial Services, stated that it was important to look at some history. He continued stating that the approach staff had selected to utilize in order to move this transaction forward was similar or identical to an approach that had previously been used. He stated that a number of years ago, the Beach CRA had done a financing with the same structure as proposed now, but the market had now changed and credit agencies and all bond insurers were taking a harsher more difficult view towards CRAs. He stated that the issue was that they were reducing their exposure to CRAs. He

explained that they felt it was appropriate to find a way to work something out with the one interested insurer in an effort to get this deal done. He reiterated that if they wanted this deal to move forward, they would need some type of backup pledge. All insurers acknowledged there was more than enough increment being generated and projected for the next several years to cover the debt services.

Commissioner Trantalis asked for further clarification as to what the concern was regarding this matter. Mr. Hall explained that the concern was with CRAs in general. Commissioner Trantalis further stated that if reality contradicted the perception in their favor, why would the prejudice inhibit their ability to market the deal. Mr. Hall stated that things might be moving upwards today due to increment increases, but there had been some occurrences when the increment began slowing down or reduced, and if that should occur there would be a struggle to service the debt. Commissioner Trantalis asked if they would consider lessening the pay off period. Mr. Hall replied that the payments would be larger, and their concern would be greater.

Commissioner Moore stated that the increment on the beach had worked in a deficit for a number of years, and asked what had happened during that time. Mr. Hall explained that parking had made up the deficit. Commissioner Moore stated that parking had a credit history, and the CRA did not. Because they took the risk and believed in the redevelopment of the beach, they had placed the asset there and TIF had been released. He reiterated that they always knew that they could refinance so there would be no obligation on the part of the parking division.

Mr. Hall stated that regarding the beach situation, it was not as positive as this one. Chairman Naugle remarked that it had involved a smaller amount. He further stated that he felt they needed more time to think things through, and see if other alternatives were available.

Commissioner Moore stated that the fear factor was a concern due to the bond rating and the development community's perception of the CRA following through with their commitment. He added there had already been some stalls especially in regard to the delay of the flex units, and he felt they did not need to send too many hesitations to the forecast. He felt if there was an opportunity to satisfy the concerns of the insurer at this time, he did not have a problem with that, but wanted to know how quickly they could make a decision regarding the matter. He did not want the matter to drag on for 2-3 weeks. He asked if the League of Cities had a special financing opportunity for CRAs.

Mr. Cole stated that there was a League Loan Program, but he was not aware of it being geared towards CRAs. Chairman Naugle asked if possibly they would be eligible for a portion of it. He suggested that they explore the matter.

Mr. Hall stated that that there were a couple of pool programs in the State, but there would be the same issues and concerns there also because all pool programs had to obtain bond insurance as well.

Commissioner Moore stated that they would be saving money by insuring it themselves. He stated that he wanted them to do due diligence because it was important to the CRA and the development community, as well as the rest of the City. Chairman Naugle reiterated that some other sources might be available. Commissioner Moore asked how

much time would be needed to explore the alternatives and then possibly meet in a week or so and discuss the issue further.

Mr. Sharp explained that for the private portion of this issue, there was a deadline to the end of the calendar year. He stated if they could not put an alternative in place, they would have to seek an extension.

Chairman Naugle asked if December 2, 2003 would meet the deadline. Mr. Sharp confirmed.

Ms. Jackson stated they needed some further clarification regarding the private sector portion because the deals with JPI and Avenue Lofts were REDA deals, and the incentive which went back into such deals was not bonded. The only portion bonded was the infrastructure improvements. She stated when discussing the private section that was when they acquired land, and the ultimate user was the developer. She stated it was 100% acquisition, and should not be confused with any development incentives.

Commissioner Moore asked what amount had the Beach deal been bonded for because he thought the amount had been \$7 Million. Mr. Sharp stated it had been for less than \$10 Million.

Commissioner Teel stated there had been significant change in the last few hours, and felt it would be unwise for them to rush forward. She felt it would be better to obtain the additional information needed.

Alan Silva, Acting City Manager, asked how much of a pledge were they talking about. Mr. Cole stated the full \$19 Million.

Commissioner Moore asked if they could pledge the General Fund. Mr. Hall stated that they could use the revenues which floated into the General Fund without having to ask the voters. He further stated it would be more prudent to use the parking fund. Commissioner Moore stated that parking was not the only Enterprise Fund, and that there was also an Airport Enterprise Fund, and had that been considered as a legitimate use. Mr. Hall reiterated they had discussed all aspects.

Ms. Jackson stated if they were going to pass the resolution on the next date, they required that the taxing authorities required a 15-day notice.

MEETING RECESSED UNTIL 6:00 P.M.

MEETING RECONVENED AT 11:55 P.M.

Roll call was taken.

Issuance of 2003 Northwest-Progresso-Flagler Heights (NPF) CRA Bonds, Series A (\$13,500,000) and Series B (\$5,500,500)

Kim Jackson, CRA Director, stated this was a continuation of what had been discussed earlier today. She stated that the information had been received around noon today, and therefore, there was no time to bring the Commission up to date on the status. What had been discussed earlier today during the CRA meeting was different than what was in the

backup that had been provided. She advised that they were able to meet on December 2, 2003, so the action tonight would be to defer the bond item and resolution until December 2, 2003. Appropriate notices would be done and then they would bring forth the information to the Commission.

Motion made by Commissioner Trantalis and seconded by Commissioner Hutchinson to defer this item until December 2, 2003. Roll call showed: YEAS: Commissioners Hutchinson, Teel, Trantalis, Moore and Mayor Naugle. NAYS: None.

Mayor Naugle recessed the meeting and a date would be determined for the next meeting.

Meeting recessed at approximately 11:57 p.m.